



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

KEITH W. COOLEY
DIRECTOR

Analysis of Enrolled House Bill 4673

Topic: Bankruptcy Sales
Sponsor: Representative Byrnes
Co-Sponsors: Representatives Mayes, Coulouris, Dean, Polidori, Gonzales, and Hopgood
Committee: House Commerce
Senate Commerce and Labor

Date Introduced: April 26, 2007

Date Enrolled:

Date of Analysis: September 13, 2007

Position: The Department of Labor & Economic Growth supports the bill.

Problem/Background: The bill was introduced in response to a situation that arose in the City of Saline. The owner of a local business declared bankruptcy and a going out of business sale occurred. The owner could not afford the \$50 fee required under Public Act 39 of 1961 for such sales and requested that the fee be waived. City officials were sympathetic, but they had no authority to waive a statutory fee.

Description of Bill: The bill amends Public Act 39 of 1961 to permit a city, village, or township clerk to waive the fee for a bankruptcy sale license.

Summary of Arguments

Pro: When a person goes bankrupt \$50 is a lot of money. Requiring a \$50 fee so that merchandise in that person's business may be sold is a little like rubbing salt into a wound. Local officials should have the discretion to waive the fees in cases of significant financial distress.

Although the bill may result in a small loss of revenue to a few local governments, the proposed waiver is totally permissive.

Con: The bill includes no standards or conditions related to waiving the fee for these sales. The fee may be waived for any type of sale covered by the act and under any circumstances. Waivers may not be granted or denied consistently.

Fiscal/Economic Impact

(a) Department

Budgetary: The bill will have no budgetary impact on the department.

Revenue: The bill will not have an impact on department revenue.

Comments:

(b) State

Budgetary: The bill will have no budgetary impact on the state.

Revenue: The bill will not have an impact on state revenue.

Comments:

(c) Local Government

Comments: The bill may reduce local government revenues by a small amount. However, these sales are not frequent and fees will not be waived by all local governments.

Other State Departments: No other state departments are affected.

Any Other Pertinent Information: None.

Administrative Rules Impact: The bill will have no administrative rule impact.